



## MINUTES OF BUDGET & FINANCE COMMITTEE MEETING

Responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget and reserves; audit; investments; insurance; and other financial matters.

February 20, 2019 at 2:00 p.m. at the Operations Building, 13057 Highway 9, Boulder Creek, California.

### MINUTES

1. Convene Meeting 2:04  
Roll Call: B. Fultz, L. Henry and L. Sanders  
Staff: Director of Finance and Business Services-S. Hill, Dist. Manager-R. Rogers, Dist. Secretary-H. Hossack
  - A. ELECTION OF COMMITTEE CHAIR  
L. Henry nominated B. Fultz to Committee Chair and he accepted.
2. Oral Communications  
E. Frech said that he is hoping to see in the second Board meeting each month a Financial Report be given verbally at every meeting.
3. Old Business: None
4. New Business: None
  - B. SET DAY AND TIME FOR COMMITTEE REGULARLY SCHEDULED MEETINGS  
B. Fultz introduced this item. He said he would prefer 9:00 am or later in the afternoon  
R. Rogers said that the District is working on an alternative meeting site, the Johnson Building for the short term. We could meet there for Committee meetings without disrupting the Operations staff.  
Pres. Henry asked L. Sanders, the public member of the Committee, what works for him.  
L. Sanders said that as a new member he is agreeable to any day and time.  
B. Fultz said any day but Friday would work for him  
L. Henry said she is not available on Monday or Thursday.  
S. Hill noted that since the space is not available until 10:00 am on Wednesday, that leaves Tuesday at 9:00 am.  
L. Henry asked what did the Environmental Committee set as their meeting time.  
S. Hill said that they didn't have a quorum so they couldn't set a meeting.  
R. Rogers said he has a standing meeting the 2<sup>nd</sup> Tues.

B. Fultz questioned if 3<sup>rd</sup> Tuesday at 9:00 am will work for everyone. He said that he is hoping to keep the meeting to 90 minutes.

Regular meeting was set for the 3<sup>rd</sup> Tuesday at 9:00 am. It was later discovered that that time will not work due to Coffee Chats schedule so the regularly scheduled Budget & Finance Committee was changed to the 1<sup>st</sup> Tuesday at 9:00 am.

C, REVIEW FISCAL YEAR 17/18 BUDGET VERSUS ACTUALS REPORT

S. Hill introduced this item. Every year the B & F Committee reviews the previous year's budget vs. actuals. It is not part of the audit. She explained that the budget is reviewed three ways; truncated monthly reports throughout the year, quarterly reports showing more information, and the next year's budget setting process which is beginning now.

L. Henry questioned if the Capital Projects are \$1.4 million under budget because the projects weren't able to be done.

S. Hill explained that because of the high cost of construction and lack of bids now some projects have been postponed. On the other hand, some projects look to be over budget but it's because they weren't paid in the fiscal year they were contracted.

B. Fultz questioned if we accrue for those instances.

S. Hill explained that we don't do accrual on a monthly basis, only at year end.

L. Henry questioned what happens if a project is not done to the satisfaction of the District.

R. Rogers explained that there is a contract in place.

L. Henry said she is talking about the Education Grants.

R. Rogers said that there is an agreement. It is reviewed by the Commission.

B. Fultz questioned what is the source of property taxes.

S. Hill explained that there are different areas that are part of Special Districts that we tax money from.

R. Rogers said that there are several mutual that came on for which we do not receive property taxes.

B. Fultz questioned how much of the property taxes come from Lompico.

S. Hill said that amount is around \$60,000 - \$80,000.

B. Fultz says that the reason he is asking is because houses are selling for about 3 x their assessed value which should bring in more tax revenue.

E. Frech said that at one time the State of California took that tax.

C. Baughman said that he can remember when the number was \$600,000

D. Loewen said she remembers in Lompico it went up 10 or 12%. She also questioned debt principle payments.

S. Hill explained that the CalPERS is 20 year period what the District's projected future unfunded liability.

D. Loewen said it's taken down a lot of cities and other districts.

S. Hill said that on the audit that is the inflows and outflows of GASB68. That's where you're seeing your liability now on people's books. The District always pays whatever is the current year's portion of the unfunded accrued liability.

L. Sanders said that when the phrase "unfunded future liability" came up his heart started beating faster.

Hill explained the CalPERS system. All of the unfunded liability is coming from the "classic members" (hired before 2013).

B. Fultz said he believes the State is optimistic as to what their returns are going to be on investments.

S. Hill explained that the rate study was made to start building Capital Projects but as time goes by it will be funding reserves.

B. Fultz said he is concerned that in the past the public agencies promised great benefits to employees but didn't fund it.

B. Fultz questioned if we can boost our reserves by proactively selling system development charges for folks that may consider remodeling their house.

E. Frech questioned if fire requirements would be a charge for new service.

S. Hill explained that current policy says that fire sprinklers are excluded from the fixture unit count.

R. Rogers said that the biggest expense in capital improvement is proving for fire flow. He said that he believes that there should be a connection fee and ongoing cost for fire flow. The District needs to review all charges.

S. Hill moved on to non-operating revenue and capital contributions.

S. Hill moved on to operating expenses, she pointed out the notes on side that help explain each item. She also explained the revisions made.

E. Frech questioned the salaries and benefits on Engineering, we don't have an engineer.

S. Hill explained that we have a GIS/CAD Specialist in the Engineering Dept.

L. Sanders asked for clarification.

S. Hill explained that the account he questioned is a Districtwide catchall for unknown and unexpected expenses.

S. Hill moved on to Watershed.

C. Baughman said that Civic Spark is related to Americorp.

S. Hill moved on to Supply & Treatment, Bear Creek Estates Wastewater.

E. Frech questioned if the District depreciates pipelines.

S. Hill moved on to the next section, Includes legal expenses and main vendors.

E. Frech questioned if every Public Records Request has to be reviewed by the attorney. He noted that he doesn't see one charge for water rights.

S. Hill moved on to the Capital Projects.

L. Sanders questioned if this organization is a policy driven financial organization.

D. Loewen said that she thinks that there are money managers on the Board and that Stephanie is must be excited to have more people asking questions about the budget.

L. Sanders said that he appreciates the Operations crews.

S. Hill said that next up is a roll out of the budget in the second week in March. She will be presenting a workshop at the March 7<sup>th</sup> BoD.

R. Rogers would like to discuss the budget process at the next meeting.

5. Informational Material: None.

6. Adjournment 3:24pm